

UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
WASHINGTON, D. C.

142  
755-I  
OCT 24 1938



October 7, 1938.

INSTRUCTIONS FOR FIELD ASSISTANTS AND TOBACCO  
DEALERS WITH RESPECT TO THE HANDLING OF SCRAP TOBACCO SALES

A. Field Assistants Shall be Stationed at Designated Points of Delivery.

A dealer who purchases scrap tobacco from producers should advise the Tobacco Section, or the Field Officers representing the Tobacco Section in the Belt in which he is about to begin operations, that he desires a Field Assistant to be available for the preparation of the forms and reports required under the Regulations.

B. Memorandum of Nonwarehouse Sale for Each Marketing.

The Field Assistant will write a Form 38-Tobacco 18, "Memorandum of Nonwarehouse Sale", covering each sale of scrap tobacco by a producer to a dealer. The producer must present his marketing card in connection with each marketing.

Tobacco selling for more than 6 cents per pound will not be regarded as scrap tobacco and memorandum of sale will be written as in the case of any other nonwarehouse sale. Memoranda of sale for scrap tobacco will be written in separate memoranda of sale books and shall be marked "Scrap". Form 38-Tobacco 18, Memorandum of Nonwarehouse Sale, will be prepared according to the following instructions for sales of scrap tobacco.

1. If the tobacco is marketed within quota, the appropriate entries shall be made on the "Memorandum of Nonwarehouse Sale", under the heading "Within Quota", and the number of pounds, date, and Memorandum of Sale serial number shall be entered on the marketing card. The Field Assistant shall also enter in the first column on the marketing card beside the words "Pounds Sold" the word "Scrap".
2. If the tobacco is sold subject to penalty, the entries with regard to pounds, price, and penalty shall be as follows:
  - (a) The entry in the space for Pounds shall be the total pounds delivered by the farmer and purchased by the buyer;
  - (b) The entry in the space for Gross price shall be: "Not more than 6¢ per lb."

- (c) The entry in the space for Penalty shall be the amount obtained by multiplying the pounds (item (a) above) by 3 cents, together with the words: "less tolerance".
- (d) Immediately above the heading, SUBJECT TO PENALTY, shall be entered the words, "Net to producer", and the amount of the net payment to the producer for the tobacco covered by the memorandum of sale.

The section SUBJECT TO PENALTY of Form 38-Tobacco 18, "Memorandum of Nonwarehouse Sale" will appear as follows:

Net to  
producer \_\_\_\_\_

SUBJECT TO PENALTY

	Not more than 6¢		
-----	\$ per lb.	-----	\$ less tolerance -----
(Pounds)	(Gross price)		(Penalty)

An illustration of a sale of 100 pounds with a net payment to the producer of \$2.00 follows:

Net to  
producer \$2.00 \_\_\_\_\_

SUBJECT TO PENALTY

	Not more than 6¢		3.00
100	\$ per lb.	-----	\$ less tolerance -----
(Pounds)	(Gross price)		(Penalty)

3. Enter the date of sale, code and farm serial number, name of the operator, and name and address of the buyer.

4. If the sale is being made subject to penalty, the "Certification of Buyer and Producer" shall be completed as follows:  
Do not strike out either "was" or "was not";  
Show the date, place, and the buyer's Internal Revenue registration number;  
Secure the signatures of the buyer and the producer;  
The Field Assistant may witness the signatures of the buyer and the producer.
5. The Field Assistant will sign the memorandum in the space provided, indicate the date, and hand the first copy to the dealer.
6. The Field Assistant shall retain the green (18b) and thin white (18a) copies of memorandum of nonwarehouse sale and at the end of the week after the determination of the tolerance factor, as provided in paragraph C below, the notation "T. F." shall be made and the tolerance factor as computed on Form 38-Tobacco 25A shall be entered on both the green and thin white copies.

C. Determination of the Tolerance Factor.

A tolerance factor for scrap tobacco shall be determined in accordance with Section 309 of the Regulations Pertaining to Flue-Cured Tobacco Marketing Quotas for the 1938-1939 Marketing Year. Form 38-Tobacco 25A will be prepared as follows:

The week for which the report is made shall be entered.

The total delivered weight of all scrap tobacco for which Memoranda of Sale have been written during the week shall be entered in line 1.

In line 2, the total weight of the tobacco minus 5 percent shall be entered.

In line 3 the net weight of the merchantable tobacco determined in accordance with the Regulations after screening and picking of the tobacco, but before stemming or redrying, shall be entered.

Subtract the entry in line 3 from the entry in line 2 and enter the result in line 4, then divide item 4 by item 1 and enter the resulting percent figure in line 5.

In line 6 enter the total weight of all scrap tobacco purchased subject to penalty.

Multiply the pounds figure in line 6 by the percent factor in line 5 and enter the resulting number of pounds in line 7.



Enter in line 8 the total of the figures shown as penalty on Form 38-Tobacco 18.

Multiply the number of pounds shown in line 7 by 3 cents and enter the resulting product in line 9.

Subtract the entry in line 9 from the entry in line 8 and enter the result in line 10.

The dealer or his authorized representative should sign the dealer's certification and indicate his title. The Field Assistant will then sign the certification of Field Assistant.

In connection with the determination of the tolerance factor, the dealer shall determine for each week the weight of the merchantable tobacco after screening and picking the scrap tobacco delivered by producers during the week. This determination shall be made prior to stemming, redrying, or any other process. The Field Assistant shall ascertain that the number of pounds shown in line 4 as the difference between 95 percent of the gross weight and the net weight:

1. Has been made unmerchantable by the application of lime, or by other approved methods, or
2. Has been shipped or is being prepared for shipment to a nicotine or other by-products manufacturer.

The Field Assistant shall from time to time check the bills of lading or other records of weights of tobacco delivered to nicotine or other by-products manufacturers to ascertain that the number of pounds represented by the buyer as being for nicotine or by-product uses only, has been shipped to a nicotine or by-products manufacturer.

#### E. Records of Dealers Covering Scrap Tobacco.

The section, "Purchases and Resales Other Than at An Auction Warehouse" of Form 38-Tobacco 22, "Dealer's Report of Purchases and Resales", will be prepared as follows by a dealer purchasing scrap tobacco:

1. Reports of purchases of tobacco other than scrap for Monday through Friday will show the statement, "Except for scrap tobacco, which will be reported Saturday".
2. Report on Saturday will show the following items with regard to scrap tobacco purchased during the week:

- (a) Under the column headed "Memorandum of Sale Serial Number", the dealer will enter the first and last serial numbers issued covering purchases of scrap tobacco for that week.

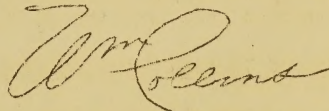
- (b) Pounds purchased within quota and pounds purchased subject to penalty.
- (c) Gross price for scrap tobacco purchased within quota, and net payment to producers for scrap tobacco purchased subject to penalty.
- (d) Amount of penalty of scrap tobacco. This amount will be the Net Penalty (item 10) on Form 38-Tobacco 25A, Farm Scrap Tobacco Report.

These items will be identified by the heading "Scrap tobacco for the week".

Form 38-Tobacco 25A, Farm Scrap Tobacco Report, shall be attached to the Form 38-Tobacco 22, which shows the purchases of scrap tobacco for the week.

F. Report by Field Assistants.

The Field Assistant will prepare Form 38-Tobacco 19(a), "Dealer's Report of Producers Sales", as provided in the instructions, except that the word "Scrap" and the tolerance factor shall be entered immediately above the title of the form, and "Gross Sale Price" shall be changed to "Net to Producers". The Forms 38-Tobacco 19(a) for each of the days during the particular week will be forwarded to the Comptroller, Agricultural Adjustment Administration, Washington, D. C., not later than the end of the week following the week in which the sales were made. The entries on Form 38-Tobacco 19(a) shall be taken from the Memoranda of Nonwarehouse Sales and shall not take into consideration the entries on Form 38-Tobacco 25A.



William Collins,  
Chief, Tobacco Section

